

TOWNSHIP OF JORDAN
ANTRIM COUNTY, MICHIGAN
AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name JORDAN TOWNSHIP	County ANTRIM
Fiscal Year End MARCH 31, 2006	Opinion Date JUNE 12, 2006	Date Audit Report Submitted to State JULY 14, 2006	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

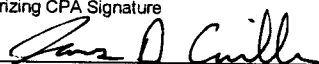
We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES ☒ NO ☐ Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) KESKINE, COOK, MILLER & ALEXANDER, LLP		Telephone Number (989) 732-7515	
Street Address 100 WEST FIRST STREET		City GAYLORD	State MI
		Zip 49735	
Authorizing CPA Signature 		Printed Name JAMES D. CAMILLER	License Number 1101027621

Township Officials

Supervisor

Joseph Haney

Clerk

Lucille Lercel

Treasurer

Susan Meads

Trustees

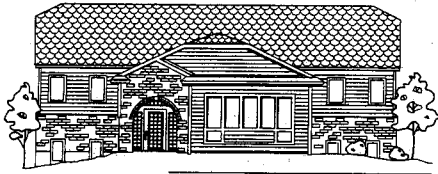
Darwin Morris

Donna Theibert

Jordan Township

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Keskin, Cook, Miller & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskin, C.P.A.
Jeffrey B. Cook, C.P.A.
Richard W. Miller, C.P.A.
Ronald D. Alexander, C.P.A.
Curt A. Reppuhn, C.P.A.

Independent Auditor's Report

June 12, 2006

To the Township Board
Jordan Township
Antrim County, Michigan

We have audited the accompanying financial statements of the governmental activities and the major fund of the Township of Jordan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Township of Jordan as of March 31, 2006, and the respective changes in financial position thereof and for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2-4 and budgetary comparison information on pages 21 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

K. Cook Miller: also LLP
Keskin, Cook, Miller & Alexander, LLP

Jordan Township

Antrim County

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Jordan Township's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2006. Please read it in conjunction with the financial statements that immediately follow this section.

Financial Highlights

Our financial status remained stable over the last year.

Overall revenues were approximately \$101,000, of which approximately \$3,000 is classified as program revenues, and approximately \$98,000 is classified as general revenues (consisting primarily of state shared revenues and property taxes). Total revenues have increased slightly over the last two years due to increasing property tax revenues as a result increasing taxable values of properties within the Township. Overall expenses totaled approximately \$67,000, which is consistent with the year ended March 31, 2004, but substantially lower (by approximately \$53,000) than the year ended March 31, 2005 due to a large road improvement project that occurred during the year ended March 31, 2005. The activities of the Township have remained the same.

Total assets total approximately \$168,000 which consists of approximately \$7,000 in capital assets, approximately \$157,000 in cash and investments, and approximately \$4,000 in property tax receivables. Total assets have increased approximately \$12,000 over the year ended March 31, 2004. The increase in total assets is attributable to an increase in cash and investments in the current year that resulted from significant excess of revenues over expenditures.

Net assets as of March 31, 2006 total approximately \$168,000 which represents an increase of approximately \$12,000 from the year ended March 31, 2004. Approximately \$7,000 of the total net assets is invested in capital assets with approximately \$161,000 being unrestricted.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis, the basic financial statements and required supplementary information. The basic financial statements include two different kinds of statements that present different views of the Township.

The first two statements are government-wide financial statements and provide both long and short-term information about our overall financial status. These statements present governmental activities. The remaining statements are fund financial statements, which focus on the detailed activities of the general fund (the only fund of the Township).

The notes to the financial statements explain some of the information in the statements and provide more detailed data. Required supplementary information further explains and supports the financial statement information with budgetary comparisons.

Government-Wide Statements

The government-wide statements report information about the Township as a whole using accounting methods used by private companies. The Statement of Net Assets includes all of the Township's assets and liabilities. The Statement of Activities records all of the current year revenues and expenses regardless of when received or paid.

The two government-wide statements report net assets and how they have changed. Net assets are the difference between the Township's assets and liabilities and this is one method to measure the Township's financial health or position.

Over time, increases or decreases in an entity's net assets is an indicator of whether financial position is improving or deteriorating.

To assess overall health of an entity, you may also have to consider tax base changes and other various economic conditions.

Fund Financial Statements

The fund financial statements provide more detailed information about the Township's funds. Funds are established to account for funding and spending of specific financial resources and to show proper expenditures of those resources.

The Township has the following kinds of funds:

Governmental Funds: All of the entity's activities are included in one fund, a general fund, classified in the governmental fund category. This fund is presented on the modified accrual basis, which is designed to show short-term financial information. You will note that differences between the government-wide statements and the fund statements are disclosed to explain the difference between them.

General fund revenues consist primarily of property taxes and state shared revenues. Expenditures consist of general government activities, fire protection, ambulance service, road repair and maintenance, and clean-up day services.

Financial Analysis of the Township as a Whole

Capital Asset and Long-Term Debt Activity

For the year ended March 31, 2006, the Township spent \$2,400 on improved insulation to the bathroom facilities in the Township Hall. Previously, the Hall's bathroom facilities experienced freezing problems during the winter. Depreciation expense totaled \$578 for the year ended March 31, 2006. There were no capital asset disposals during the year ended March 31, 2006.

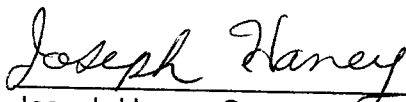
The Township has no outstanding long-term debt or capital leases.

Known Factors affecting Future Operations

For the year ended March 31, 2007, the Township is planning a major road improvement project for Marvin Road. The total cost to the Township is estimated to be approximately \$96,000.

Contacting Township Management

This financial report is designed to provide our taxpayers, creditors and investors with a general overview of the Township's finances and to demonstrate the Township's accountability for the revenues it receives. If you have questions concerning this report, please contact any member of the Township Board.



Joseph Haney, Supervisor

**TOWNSHIP OF JORDAN
STATEMENT OF NET ASSETS
MARCH 31, 2006**

Assets

Cash and investments	\$ 156,955
Property taxes receivable	4,289
Capital assets, net of accumulated depreciation	7,180
	<hr/>
Total Assets	168,424

Net Assets

Invested in capital assets	7,180
Unrestricted	161,244
	<hr/>
Total Net Assets	\$ 168,424
	<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2006**

Functions / Programs	<u>P r o g r a m R e v e n u e s</u>				Net (Expenses) Revenue and and Changes in Net Assets
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
General government	\$ 34,733	\$ 2,855	\$ -	\$ -	(31,878)
Public safety	7,720	-	-	-	(7,720)
Public works	13,513	-	-	-	(13,513)
Health and welfare	5,641	-	-	-	(5,641)
Total governmental activities	61,607	2,855	-	-	(58,752)
General revenues:					
Property taxes					26,144
Property tax administration fee					6,358
State of Michigan revenue sharing					59,535
Swamp tax					3,187
Metro Act proceeds					2,044
Miscellaneous					1,140
Total general revenues					98,408
Change in Net Assets					39,656
Net Assets - Beginning of year					128,768
Net Assets - End of year					\$ 168,424

See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
BALANCE SHEET
GOVERNMENTAL FUND
MARCH 31, 2006**

Assets

Cash and investments	\$ 156,955
Property taxes receivable	3,289
Due from other funds	1,000
	<hr/>
Total Assets	161,244
	<hr/> <hr/>

Fund Balance

Fund balance	\$ 161,244
	<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
MARCH 31, 2004**

Total Fund Balance - Governmental Funds (per balance sheet - page 7)	\$ 161,244
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Amounts reported for governmental activities in the Statement of Net Assets (page 6) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not used in the funds	7,180
--	-------

Total Net Assets - Governmental Activities (per Statement of Net Assets -page 5)	\$ 168,424
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See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
YEAR ENDED MARCH 31, 2006**

Revenues

Taxes and assessments	\$ 29,403
State shared revenues and reimbursements	61,805
Charges for services	6,858
Other	3,197
	<hr/>
Total revenues	101,263

Expenditures

Current:

General government:

Township administration	24,135
Assessing	7,090
Building and grounds	4,551
Cemetery	779
Public safety	7,720
Public works	13,513
Health and welfare	5,641
	<hr/>

Total expenditures	63,429
	<hr/>

Excess of revenues over expenditures	37,834
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Fund balance - Beginning of year	123,410
	<hr/>

Fund balance - End of year	\$ 161,244
	<hr/> <hr/>

See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED MARCH 31, 2004**

Net Change in Fund Balance - Total Governmental Funds			
- Page 9	\$		37,834

Amounts reported for governmental activities in the
Statement of Activities (page 6) are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives			2,400
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Depreciation expense is recorded in the government-wide statements but not the fund financial statements			(578)
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Change in Net Assets of Governmental Activities - Page 6		\$	<div style="border-top: 1px solid black; border-bottom: 3px double black; padding: 2px 0;">39,656</div>
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See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUND
MARCH 31, 2006**

	Assets	
Cash		\$ 1,000
		<u><u> </u></u>
	Liabilities	
Due to other funds		\$ 1,000
		<u><u> </u></u>

See accompanying notes to financial statements.

**TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

Note 1: Entity

The Township of Jordan is a general law township of the State of Michigan, located in Antrim County. It operates under an elected board and provides service to its residents in many areas including fire protection services, road repairs and maintenance, cemetery maintenance and cleanup day activities. The criteria established for the reporting entity's financial statements include oversight responsibility, scope of public service and special financing relationships. On this basis, the financial statements include all of the governmental functions of Jordan Township.

Note 2: Summary of Significant Accounting Policies

Introduction

The accounting and reporting framework and the more significant accounting principles and practices of Jordan Township are discussed in subsequent sections of this Note. The remainder of the Notes are organized to provide explanations including required disclosures of the Township's financial activities.

The accounting policies of Jordan Township conform to the generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statement Presentation

Government-Wide Financial Statements

The government-wide financial statements include the statement of net assets and the statement of activities. These statements report financial information for the Township as a whole, excluding fiduciary activities such as tax collection activities.

Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Township general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. At this time, the Township has no business-type activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with functional programs. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees, fines and forfeitures, and other charges to users of the Township's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets and include fees to developers.

TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

Note 2: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statement Presentation (Continued)

These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not included with program revenues are reported as general revenues.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. Major individual governmental funds are reported in separate columns with composite columns for non-major funds. The measurement focus and basis of accounting for the government-wide and fund financial statements are described in a subsequent section of this note.

Fund Types and Major Funds

Governmental Funds

The Township reports the following major governmental fund:

General Fund - This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, grants and other inter-governmental revenues.

Other Funds

Fiduciary Funds - These funds are used to account for assets held in trust or as an agent for others. Tax collection activities are recorded in this category. Fiduciary activities are not reported in the government-wide financial statements, in accordance with GASB Statement No. 34.

Measurement Focus and Basis of Accounting

The financial statements of the Township are prepared in accordance with generally accepted accounting principles (GAAP). The Township applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The Township does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

**TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

Note 2: Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The government-wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). However, internal eliminations do not include utility services provided to Township departments. Fiduciary fund financial statements also report using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when grantor eligibility requirements are met.

Governmental Fund Financial Statements

Governmental fund financial statements report using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available.

Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Township considers revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include: sales and use taxes, property taxes, franchise taxes (fees), intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Property tax revenues are recognized as follows:

Properties are assessed as of December 31 and the related property taxes are levied on December 1 of the following year. These taxes are due on February 15; uncollected amounts are subsequently added to the county delinquent tax rolls. A county revolving fund normally pays the balance of the Township's tax levy by May 31 of each year. In accordance with GASB 33 "Accounting and Financial Reporting for Nonexchange Transactions", the Township records the property tax revenue when it becomes an enforceable legal claim for the Township. Therefore, all taxes levied on December 1, 2005, are recorded as revenue in the current year. The Township's taxable value for the 2005 tax year totaled \$23,809,216.

The tax rates for the year ended March 31, 2006, were as follows:

Purpose	Rate / Assessed Valuation
General	0.9841 mills per \$1,000

**TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

Note 2: Summary of Significant Accounting Policies (Continued)

Budget

Public Act 621 of 1978 as amended provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional and activity basis. The approved budgets of the Township for these budgetary funds were adopted on an activity level. Budgets as adopted end on March 31 of each year. There are no carryover budget items.

Capital Assets and Depreciation

The Township's property, plant, and equipment, with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Donated assets are stated at fair value on the date donated. The Township generally capitalizes assets with historical cost of \$1,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts and the resulting gain or loss is recorded in operations.

Estimated useful lives, in years, for depreciable assets are as follows:

Buildings	25 – 40
Land Improvements	10 – 20
Machinery and equipment	5 – 10
Vehicles	5 – 10

Land and construction in progress are not depreciated.

With respect to asset improvements, costs over \$1,000 should be capitalized if:

1. The estimated life of the asset is extended by more than 25%, or
2. The cost results in an increase in the capacity of the asset, or
3. The efficiency of the asset is increased by more than 10%, or
4. Significantly changes the character of the asset, or
5. Other wise, the cost should be expensed as repair and maintenance.

For information describing capital assets, see Note 4.

**TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

Note 2: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The financial statements have been prepared in conformity with generally accepted accounting principles as applicable to governments and, as such, include amounts based on informed estimates and judgements of management with consideration given to materiality. Actual results could differ from those estimates.

Note 3: Cash and Cash Equivalents

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township of Jordan's deposits and investment policies are in accordance with statutory authority.

At year end, the deposit and investments were reported in the basic financial statements in the following categories:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>	<u>Total Primary Government</u>
Cash and investments	<u>\$ 156,955</u>	<u>\$ 1,000</u>	<u>\$ 157,955</u>

Deposits

The bank balance of the Township's deposits is \$160,264, of which \$124,798 is covered by federal depository insurance. The remainder was uninsured and uncollateralized. The Township believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the Township evaluates each financial institution with which it deposits Township funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

**TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006**

Note 4: Capital Assets

Capital asset activity of the Township's governmental activities was as follows:

	Balance April 1, 2005	Additions	Disposals	Balance March 31, 2006
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 950	\$ -	\$ -	\$ 950
Capital assets being depreciated:				
Buildings and improvements	15,785	2,400	-	18,185
Machinery and equipment	1,035	-	-	1,035
Subtotal	16,820	2,400	-	19,220
Accumulated depreciation:				
Buildings and improvements	11,998	475	-	12,473
Machinery and equipment	414	103	-	517
Subtotal	12,412	578	-	12,990
Net capital assets being depreciated	4,408	1,822	-	6,230
Net capital assets	<u>\$ 5,358</u>	<u>\$ 1,822</u>	<u>\$ -</u>	<u>\$ 7,180</u>

Depreciation expense was charged entirely to Buildings and grounds function of the general government.

Note 5: Contingencies

Insurance

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters.

The Township participates in the Michigan Township Participating plan, a self insured group. The pool is considered a public entity risk pool. The Township pays annual premiums to the pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the pool's policy year may be subject to special assessment to make up the deficiency. The pool maintains reinsurance for claims for each occurrence with the overall maximum coverage varying depending on the specific type of coverage of reinsurance. The Township has not been informed of any special assessments being required. There were no significant changes in coverage.

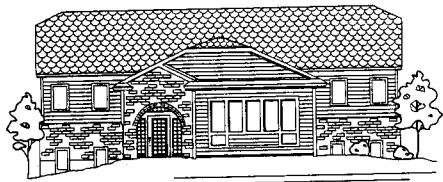
TOWNSHIP OF JORDAN
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2006

Note 6: Pension Plan

The Township has adopted a defined contribution pension plan for all elected officials and the cemetery sexton of the Township. The plan is a contributory plan calling for mandatory contributions of 5% of compensation by participants and a 5% matching contribution by the Township. Participants can make additional optional contributions of from 1% to 10% not matched by the Township. Vesting is immediate at 100%. Pension expense for the year was \$1,075. The Township Clerk is the plan administrator.

TOWNSHIP OF JORDAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	FINAL AMENDED BUDGET	ACTUAL	VARIANCE FROM FINAL AMENDED BUDGET
Revenue				
Local Sources:				
Taxes and assessments	\$ 23,121	\$ 23,121	\$ 26,146	\$ 3,025
Property tax administration fee	-	-	6,358	6,358
Swamp tax	3,187	3,187	3,187	-
Interest on Investments	-	-	-	-
Other	250	250	3,767	3,517
State Sources:				
State revenue sharing	54,000	54,000	59,535	5,535
Summer tax collection reimbursement	-	-	2,270	2,270
Total revenues	80,558	80,558	101,263	20,705
Expenditures				
General Government:				
Township Board	17,450	17,450	6,762	10,688
Supervisor	4,700	4,700	4,108	592
Elections	1,000	1,000	44	956
Assessor	7,800	7,800	7,090	710
Clerk	5,500	5,500	4,854	646
Board of Review	1,350	1,350	785	565
Treasurer	9,300	9,300	7,582	1,718
Township hall	29,400	29,400	4,551	24,849
Cemetery	1,250	1,250	779	471
Total general government	77,750	77,750	36,555	41,195
Public Safety:				
Ambulance service	3,500	3,500	3,500	-
Fire protection	5,000	5,000	4,220	780
Total public safety	8,500	8,500	7,720	780
Public Works	85,920	85,920	13,513	72,407
Garbage Day	6,000	6,000	5,641	359
Total expenditures	178,170	178,170	63,429	114,741
Excess (deficiency) of revenues over (under) expenditures	(97,612)	(97,612)	37,834	135,446
Fund Balance - Beginning of Year	123,410	123,410	123,410	-
Fund Balance - End of Year	\$ 25,798	\$ 25,798	\$ 161,244	\$ 135,446



Keskin, Cook, Miller & Alexander LLP
CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

Walter J. Keskin, C.P.A.
Jeffrey B. Cook, C.P.A.
Richard W. Miller, C.P.A.
Ronald D. Alexander, C.P.A.
Curt A. Reppuhn, C.P.A.

June 12, 2006

To the Township Board
Township of Jordan, Antrim County

We have audited the financial statements of Jordan Township for the year ended March 31, 2006, and have issued our report thereon dated June 12, 2006. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated March 1, 2006, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

As part of our audit, we considered the internal control of Jordan Township. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Jordan Township are described in the notes to the financial statements.

We noted no transactions entered into by the Township during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. The following attached page summarizes the adjustments that were proposed to management and made to the audited financial statements.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Township's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Difficulties Encountered in Performing the Audit

The financial records of Jordan Township were well organized and we are happy to report that there were no difficulties in performing the audit.

Comments and Recommendations

In planning and performing our audit of the financial statements of Jordan Township, we considered the Township's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

During our audit procedures, we became aware of certain matters that represent opportunities for strengthening internal controls and operating efficiency. The following comments and recommendations should be implemented to the extent possible in order to strengthen internal controls and operating efficiency.

- We noted that the Township held their public budget meeting and approved the budget for the year ended March 31, 2006 on April 2, 2005. The State of Michigan requires all local units of government to have adopted a balanced budget prior to the beginning of the fiscal year, or April 1, 2005.

We recommend that the Township conduct their budget meeting and adopt the annual budget prior to the beginning of the fiscal year.

- Jordan Township appropriately requires both the Clerk and the Treasurer to sign all checks written out of the General Fund's account. However, the Township's checks only have 1 signature line. We recommend that the next time that the Township purchases checks that they purchase Township checks that contain 2 signature lines to reduce the risk of an unauthorized individual from cashing a Township check.

We hope that you find the above comments and recommendations useful. We are available to discuss these items in further detail with you at your convenience.

This information is intended solely for the information of the Township Board and management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,


Keskin, Cook, Miller & Alexander LLP

Adjusting Journal Entries
Jordan Township
March 31, 2006

6/13/2006 11:26:36 AM

Done by:	Date:	Index:
Reviewer:	Date:	

AJE No.	Account Description	W/P Ref	Account Number	Debits	Credits
1	Building Maintenance		101-265-930		2,400.00
1	Capital Outlay		101-265-975	2,400.00	
To reclassify R&M expense to capital outlay for Township Hall bathroom remodel					
2	Capital Assets	K's	300-000-100	2,400.00	
2	Contra capital outlay expense - bld		300-000-970		2,400.00
2	Accumulated Depreciation		300-000-150		578.19
2	Dep Exp - bldg and grds		300-000-980.1	578.19	
GASB 34 - client do not make					
To record fixed asset activity during year					
3	Accounts Receivable - Property Tax	R-1	101-000-019	2,765.97	
3	Current Tax Rev.		101-000-403		2,765.97
3	Accounts receivable - PTAF		101-000-020	522.83	
3	PTAF		101-000-445		522.83
To record unpaid real property taxes receivable and PTAF receivable from Antrim County through settlement as of March 31, 2006					
Totals				8,666.99	8,666.99